

## Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15

STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01

DOE-11 /115 W

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P 170820Z MAR 78

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 6245

INFO USMISSION GENEVA

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USMTN

E.O. 11652:NA

TAGS: ETRD, JA, US, MTN

SUBJECT: TESTIMONY FOR HEARING ON "BUY AMERICA" BILL

REF: (A) STATE 61254, (B) TOKYO 3256 (C) TOKYO 1854

1. SUMMARY. THE GOJ IS IN THE PROCESS OF LIBERALIZING ITS RESTRICTIONIST GOVERNMENT PROCUREMENT POLICIES IN RESPONSE TO ITS COMMITMENT CONTAINED IN THE JANUARY 13, 1978 USHIBA-STRAUSS JOINT STATEMENT. ANY INCREASE IN U.S. "BUY AMERICAN" RESTRICTIONS WOULD JEOPARDIZE THIS COMMITMENT AND ADVERSELY AFFECT A SIGNIFICANT POTENTIAL FOR EXPANDED SALES OF U.S. PRODUCTS IN JAPAN. END SUMMARY.

2. ESTIMATES OF GOJ PURCHASES OF U.S. PRODUCTS IN RECENT YEARS ARE NOT AVAILABLE. BECAUSE OF A HIGHLY RESTRICTION-IST GOVERNMENT PROCUREMENT POLICY, HOWEVER, THE EMBASSY BELIEVES THAT SUCH PURCHASES HAVE NOT BEEN LARGE EXCEPT

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IN THOSE AREAS WHERE JAPAN DOES NOT PRODUCE COMPARABLE PRODUCTS, E.G., DEFENSE-RELATED ITEMS AND CERTAIN TYPES OF AIRCRAFT. NEVERTHELESS, THE POTENTIAL FOR GOJ PROCUREMENT OF U.S. PRODUCTS, PARTICULARLY IN THE HIGH TECHNOLOGY AREA, IS SUBSTANTIAL.

3. AS A RESULT OF RECENT POLICY DECISIONS BY THE GOJ,

U.S. SUPPLIERS NOW, FOR THE FIRST TIME, HAVE THE OPPORTUNITY TO EXPLOIT THIS POTENTIAL. THE JANUARY 13, 1978 JOINT STATEMENT BY JAPANESE MINISTER OF STATE FOR EXTERNAL AFFAIRS USHIBA AND AMBASSADOR ROBERT S. STRAUSS INCLUDES THE FOLLOWING COMMITMENT: "A JAPANESE CABINET DECISION TO SECURE FOR FOREIGN SUPPLIERS SUBSTANTIALLY INCREASED OPPORTUNITIES UNDER GOVERNMENT PROCUREMENT SYSTEMS." SUCH A CABINET DECISION WAS ISSUED THE SAME DAY (TEXT CONTAINED REF B), AND THE GOJ IS IN THE PROCESS OF WORKING OUT THE IMPLEMENTING PROCEDURES.

4. AS ONE POSSIBLE RESULT OF THIS LIBERALIZING ACTION, THE MINISTRY OF LABOR WAS RECENTLY PERMITTED TO PURCHASE TWO LARGE U.S.-MANUFACTURED COMPUTERS. IT IS HOPED THAT, AS THE NEW POLICY IS FULLY IMPLEMENTED, OTHER IMPORTANT EXAMPLES WILL FOLLOW.

5. WERE THE U.S. NOW TO INCREASE ITS OWN "BUY AMERICAN" RESTRICTIONS, IT CAN BE EXPECTED THAT THE CURRENT MOMENTUM FOR CHANGE IN JAPANESE BUY NATIONAL POLICIES AND PROCEDURES WOULD BE REDUCED AND THE GOJ'S COMMITMENT TO THE U.S. SERIOUSLY JEOPARDIZED. THE RESULTING ADVERSE IMPACT ON THE POTENTIAL FOR INCREASED U.S. SALES TO JAPANESE GOVERNMENT AND QUASI-GOVERNMENT AGENCIES COULD BE SIGNIFICANT. MANSFIELD

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE LIBERALIZATION, PROCUREMENT  
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**Decaption Date:** 01 jan 1960  
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**Disposition Comment:** 25 YEAR REVIEW  
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